

## M.Video-Eldorado 3Q 2020 Net Sales Increase 25%

27 October 2020, Moscow, Russia. PJSC M.Video (M.Video-Eldorado Group, the Company, or the Group; MOEX: MVID), Russia's largest consumer electronics retailer by revenue and part of SAFMAR Group owned by Mikhail Gutseriev, releases its combined unaudited net sales for the third quarter and nine months ended 30 September 2020 and publishes its business overview and key events in 3Q 2020 and after the reporting date.

### 3Q 2020 highlights

- **The Group's net sales** increased by 25.3% year-on-year to RUB 132.1 billion (incl. VAT).
- **Total online sales (TOS)** rose by 141.2% year-on-year to RUB 77.9 billion (incl. VAT), accounting for 59.0% of the Group's total sales.
- **The average monthly audience** of the Group's websites rose by 26.4% year-on-year to reach 72.0 million visitors.
- **The number of the M.Video mobile app downloads** neared 1.3 million.

### 9M 2020 highlights

- **The Group's net sales** grew by 13.9% year-on-year to RUB 340.4 billion (incl. VAT).
- **Total online sales (TOS)**<sup>1</sup> increased by 113.0% year-on-year to RUB 194.7 billion (incl. VAT), accounting for 57.2% of the Group's total sales.
- The Urals (+136%), North-West (+132%) and Volga (+131%) regions saw the biggest increase in online sales.
- **The average monthly audience of the Group's websites** rose by 34.9% year-on-year to reach 73.3 million visitors.
- **The turnover generated by the M.Video mobile app** in 9M 2020 grew almost 18-fold year-on-year; the WAU exceeded 600 thousand people, allowing the Group to develop a seamless customer experience and support sales growth.
- **The total number of orders placed via the mobile app** exceeded 1 million in 3Q 2020 and amounted to 1.4 million orders in 9M 2020.
- **The number of the M.Video mobile app downloads** increased 5x year-on-year to 4.9 million.
- **WAU, the average number of regular users of the mobile app per week**, grew by over 100,000 people in 3Q to 664,000.
- As at the end of September 2020, **the store network** consisted of 1,039 stores of all formats (up 49 stores year-on-year).

### Key factors behind 3Q 2020 results

- In 3Q 2020, the Group's sales added more than a quarter thanks to a successful ramp-up of its online business and efficient in-store operations under the One Retail model.
- The record growth of the Group's 3Q total online sales came on the back of the following:
  - refocus marketing, operating and retail operations to enable mobile- and web-centric customer journey to ensure seamless experience;
  - improved logistics and fulfilment, including express delivery using taxi providers;
  - efficient stock management and expansion of the range of household appliances, electronics, and related categories using a marketplace model;
  - increase in traffic and conversion of Group's online platforms, as well as enhancement of mobile app capabilities;
  - proactive use of retail chain to ensure accessibility and shortest delivery times of all online orders.
- Positive sales dynamics in 3Q 2020 were also driven by a number of macroeconomic factors that had an impact on the overall home appliances and electronics market, namely:
  - deferred demand for a number of categories of household appliances and electronics following the restrictions introduced in spring 2020;
  - ongoing strong demand for home office equipment as most office employees continued to work remotely;
  - emerging demand for durable household goods (driven by the trend for working and studying from home);
  - final lifting of the most stringent restrictions for non-food retailers and reopening of most shopping centres and stores across the country.
  - sharp drop in outbound tourism, which allowed to partly shift household spending to home appliances, electronics and other durable goods.
- With many consumers forced to work and study remotely, sales of home office equipment, mobile devices, as well as gadgets and entertainment products outperformed the market in 3Q 2020.

### Key events in 3Q 2020

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- The Board of Directors of M.Video-Eldorado Group appointed Alexander Izosimov as CEO (General Director) of M.Video-Eldorado Group with effect from 1 October 2020.
- The Group set up the Strategy and Digital Transformation Committee under its Board of Directors comprised of Board members to support the management team and Board of Directors in defining key strategic focus areas of M.Video-Eldorado Group, including further digital transformation of the Company and development of the Group's online business. Alexander Tynkovan was elected chairman of the committee.
- M.Video-Eldorado Group started cooperating with manufacturers, retailers, and distributors under the marketplace model and launched a project to integrate selected complementary products of the goods.ru marketplace into the e-platforms of both brands using the white label format.
- The Group broadened its private label offering, including through the production and sale of mid-range TVs branded Novex with popular Smart TV and 4K functionality in the M.Video chain.
- In 3Q, the Group expanded its Proper Recycling programme for collecting, transporting and recycling electronic waste to 11 new Russian regions, which will double the amount of e-waste collection by the end of 2020.

## **Alexander Izosimov, CEO of M.Video-Eldorado Group, commented:**

*'Our strong performance in 3Q 2020 and the share of total online sales exceeding 50% attest to the fact that M.Video-Eldorado has established itself as an online business whose dynamic and efficient growth is supported by an extensive fulfilment network based on retail stores. The Company has successfully leveraged its experience during the crisis to accelerate the implementation of a new off-channel One Retail model. It has adjusted its operations to meet all post-pandemic consumer expectations, from convenient mobile services and contactless payment to express delivery. These internal factors have already secured a more than 25% growth in 3Q and will certainly continue to contribute to our performance over the long term, meaning we expect high revenue growth both in Q4 and for FY 2020.'*

*Positive sales dynamics in 3Q and 9M 2020 are a function of the general trends in the home appliances and electronics market, but they also speak to the Group's strengths as a major player in the segment, which are quick access to goods, high-demand assortment, a wide range of services, and personalised offers. By leveraging these, we are able to steadily increase our market share and entrench ourselves as one of the leading Russian e-commerce players.'*

## **Business overview and key events after the reporting date**

- In the first three weeks of October, the Group delivered a double-digit growth in total sales and a more than double growth in total online sales, and is maintaining that momentum.
  - October has seen home appliances and electronics retain their position as basic consumer goods: in addition to laptops and other home office devices, whose sales grew by 45% in the first three weeks of October year-on-year, refrigerators (+40%) and washing machines (+25%) demonstrated similar performance.
  - In Q4 2020, various new product releases should provide additional stimulus to the electronics market. In October, M.Video-Eldorado Group opened pre-orders for PlayStation 5 and Xbox Series S game consoles, as well as new iPhones.
- M.Video's Board of Directors recommended a dividend of RUB 30 per ordinary share of PJSC M.Video, or RUB 5.4 billion in total, to be approved by the Extraordinary General Meeting of Shareholders on 9 November 2020.

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## 9M 2020 M.Video-Eldorado operations summary, RUB mn (incl. VAT)

Net Sales, RUB million (incl. VAT)						
	3Q 2020	3Q 2019	Chg, %	9M 2020	9M 2019	Chg, %
	87,049	69,899	+24.5%	225,633	200,060	+12.8%
	45,002	35,514	+26.7%	114,811	98,941	+16.0%
	<b>132,052</b>	<b>105,414</b>	<b>+25.3%</b>	<b>340,444</b>	<b>299,000</b>	<b>+13.9%</b>

Total Online Sales (TOS), RUB million (incl. VAT) <sup>2</sup>						
	3Q 2020	3Q 2019	Chg, %	9M 2020	9M 2019	Chg, %
	65,215	25,308	+157.7%	156,903	72,856	+115.4%
	12,670	6,981	+81.5%	37,815	18,578	+103.5%
	<b>77,885</b>	<b>32,290</b>	<b>+141.2%</b>	<b>194,718</b>	<b>91,434</b>	<b>+113.0%</b>

Share of online sales in net sales, %						
	3Q 2020	3Q 2019	Chg, %	9M 2020	9M 2019	Chg, %
	74.9%	36.2%	+38.7pp	69.5%	36.4%	+33.1pp
	28.2%	19.7%	+8.5pp	32.9%	18.8%	+14.2pp
	<b>59.0%</b>	<b>30.6%</b>	<b>+28.3pp</b>	<b>57.2%</b>	<b>30.6%</b>	<b>+26.6pp</b>

Website metrics						
	3Q 2020	3Q 2019	Chg, %	9M 2020	9M 2019	Chg, %
Avg monthly visits, mn						
	44.4	35.8	+24.2%	45.4	35.8	+27.0%
	27.5	21.1	+30.1%	27.9	18.6	+50.0%
	<b>72.0</b>	<b>56.9</b>	<b>+26.4%</b>	<b>73.3</b>	<b>54.4</b>	<b>+34.9%</b>
Number of tickets, mn						
	1.46	1.03	+41.6%	5.47	3.27	+67.1%
	1.18	0.69	+70.1%	3.79	1.88	+100.9%
	<b>2.64</b>	<b>1.72</b>	<b>+53.1%</b>	<b>9.25</b>	<b>5.16</b>	<b>+79.4%</b>

Mobile app metrics <sup>2</sup>						
No of tickets, '000	558,0	41,0	+1,259.7%	1,412.5	87.1	+1521.3%
Installations, '000 <sup>3</sup>	-	-	-	4,872	962	+406.5%
WAU, '000 <sup>4</sup>	-	-	-	664	132	+404.9%

Retail network						
	30/09/2020	31/12/2019	chg in 9M 2020			
Stores						
	538	532	+6	+1.1%		
	501	506	-5	-1.0%		
	<b>1,039</b>	<b>1,038</b>	<b>+1</b>	<b>+0.1%</b>		
Selling space, '000 sqm						
	802	794	+8	+1.0%		
	651	661	-10	-1.5%		
	<b>1,454</b>	<b>1,456</b>	<b>-2</b>	<b>-0.2%</b>		
Total space, '000 sqm						
	1,122	1,115	+7	+0.7%		
	866	882	-16	-1.9%		
	<b>1,988</b>	<b>1,997</b>	<b>-9</b>	<b>-0.4%</b>		

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## About M.Video-Eldorado Group

**M.Video-Eldorado Group** (PJSC M.video) is Russia's largest consumer electronic retailer uniting the M.Video and Eldorado brands in the market for home appliances and electronics. The companies' total annual turnover exceeds RUB 430 billion, including VAT (FY 2019). The M.Video-Eldorado Group is the only Russian publicly-traded company in the electronics retail sector. The company's shares are traded on Moscow Exchange (ticker: MVID).

The Group operates Russia's largest online platform for consumer electronics and household appliances commanding a market share of over 30% (as of FY2019). As of September 30, 2020, the Group also operates 538 stores under the M.Video brand, 501 stores under the Eldorado brand in more than 250 cities across Russia with a total selling space of 1,454 thousand square meters. The Group has 100% online coverage in all cities of operation.

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<sup>1</sup> Total online sales of M.Video-Eldorado Group in line with its ONE RETAIL strategy include all sales to authorised customers through various channels: home delivery, in-store pick-up, and sales to clients checked-in through shop assistants' mobile devices connected to the Real-Time Dealing platform (RTD). RTD is currently available in M.Video stores only.

<sup>2</sup> The M.Video retail network launched a mobile app in 2Q 2019. The launch of the Eldorado mobile app is expected by the end of 2020.

<sup>3</sup> Total number of app downloads on mobile devices on iOS and Android on a cumulative basis.

<sup>4</sup> WAU – weekly average users, the average number of regular users of the mobile app per week.